“A STUDY OF SELF-HELP GROUPS UNDER THE SWARN JAYANTI GRAM SWAROJGAR YOJANA IN BEED DISTRICT”

ABSTRACT OF THE THESIS

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INTRODUCTION

India lives in her 6, 38,345 villages with 24 crore poor engaged in micro enterprises. As per the Government of India's Ministry of Micro, Small and Medium Enterprises (MSES) Annual report 2008-2009, there are 133.68 lakhs (in number) micro enterprises in India. Poverty in India is widespread with the nation estimated to have a third of the world's poor. The credit needs and other financial services are provided to the rural masses in general and to the poor in particular through the rural financial markets comprising an unorganized sector consisting of commission agents, moneylenders, landlords, etc., and an organized sector consisting of pyramid type cooperative credit institution – broadly classified into urban credit cooperatives and rural credit cooperatives.

In order to enlarge the flow of credit to the hard-core poor, NABARD launched a scheme of organizing them in self-help groups (SHGs) and linking the SHGs with banks, in 1992. The scheme is broadly on the pattern devised by Bangladesh Grameen Bank. Under the scheme, poor, preferably the women are organized in SHGs and banks financing these SHGs for on lending to poor are eligible for concessional refinance from NABARD.

There are three distinct modes to route the credit to micro enterprises. While under the first mode, banks lend directly to the SHGs for lending to micro entrepreneurs. Under the second mode, banks provide loans to the NGOs for on

lending to the SHGs and ultimately to micro entrepreneurs. Under the third mode, banks extend credit to the SHGs with the NGO as facilitator.

Though the SHGs were started in 1999 in Maharashatra, the concept penetrated down only in recent years. Now there is a greater amount of socio-economic emancipation among the members of the SHGs. Hence there is a need for evaluating the social and economic impact of the SHGs on their members. Among the various districts of Maharashatra, Beed District occupies a predominant position in the starting of SHGs. In Beed district the urban centers have more rural bias and the economic activities are more agro-based. Hence the SHGs have been formed for meeting the needs of industrial and agricultural activities. As on 31 March 2009, there were 373900 SHGs in Maharashatra with a membership of 41.63 lakhs. And in Beed District there were 6437SHGs with a membership of 70807. The present study deals with the SHGs formed in Beed district. The empirical findings of this study would pave the way for taking certain policy decisions for strengthening the SHGs and hence the study has been undertaken in Beed district.

IMPORTANCE OF THE STUDY

India is Nation of villagers. Maximum people live in rural areas. Rural people face different problems due to backwardness. It has resulted in poverty. Moreover, due to under utilization of available resources, the Nation is facing the problem of women's backwardness and poverty. Alleviation of the rural poverty has been prime consideration of Indian planning. For alleviation of the poverty of Govt. India launched specific programmes and is trying to improve the quality of little of rural people. Rural development involves raising the social economics status of the rural population on a sun stainable basis through

optimum utilizing of local resources. Rural development can be achieved only when the rural people actively participate in a development programme.

Most of Indian rural populations depend on agriculture. There is a wide gap between rich and poor most of the population is suffering from indebtedness, lack of irrigation facilities, low productivity, money lenders dishonesty are causing the problems of poverty and unemployment of the rural development, Govt. of India launched various programmes during the planning in a rural development programme. Govt. of India newly launched self help group programme under the *Swarnajayanti Gram SwarojgarYojana* in 1999. This programme has completed its 10 years in 2008-2009.

Self-help group is a method of organizing the poor people and the marginalized to come together to solve their individual problem. The SHG method is used by the government, NGOs and others worldwide. The poor collect their savings and save it in banks. In return they receive easy access to loans with a small rate of interest to start their micro unit enterprise.

Thousands of the poor and the marginalized population in Beed district are building their lives, their families and their society through Self help groups. The 9th five year plan of the government of India had given due recognition on the importance and the relevance of the Self-help group method to implement developmental schemes at the grassroots level. Self Help Group (SHGs)-Bank Linkage Programme is emerging as a cost effective mechanism for providing financial services to the “Unreached Poor” which has been successful not only in meeting financial needs of the rural poor women but also strengthen collective self help capacities of the poor ,leading to their empowerment.

Researcher wants to identify how this programme is beneficial to the women's and poor people and how to work this scheme in a Beed District.The main aim of this study is to examine the impact of Self-help Group in Beed district and Socio-economic development of women's in Beed district. It analyses what is Self-Help Group? How to work SHG system? Why the Self-Help Group is so important in Beed district. The present status of Self-Help Group in Beed district, impact of Self-Help Group in Beed district, Shortcomings of Self-Help Group in Beed district.

OBJECTIVES OF THE STUDY

1) To review the development of SHG in India and Maharashtra.

2) To study nature and composition of SHGs.

3) To analyse the working of the sample SHG in Beed district.

4) To find out the problems ofsample SHGsand to recommend the majors to overcome theme.

HYPOTHESES OF THE STUDY

1) SHG members socio economic can be attained through SHG.

2) The working of the sample SHGs has been effective and result effect.

SCOPE OF THE STUDY

a) Geographical Scope:

Beed district is selected for this research. Beed district is in Marathwada of Maharashtra. Rainfall is less compare to other district in Maharashtra, due to minimum rainfall Beed district is considered as a dry district. Rainfall affects agricultural and its related business. Most of the people work as a labor for sugar factory in other district.

Beed district isconsists 11 Talukas and SHG have been established in every talukas. For this research sample are randomly selected based on sampling method from Beed districts.

b) Temporal Scope:

1999-2009, these ten years is considered for research. SHG, established during this decade have been studied.

c) Operational Scope:

To select sample,Malty stage sampling method from probability sampling methodsis used. For this study 20%Z.P. cercal is select from total Z.P.cercal in 11 talukas. 15% villagesareselect from total 47 villages inselect Z.P. cercal. 50% of the SHGs in these villages were selected. There were a total of 218 SHG's randomly selected.

LIMITATIONS OF THE STUDY

The present study is subject to the following limitation.

1) The present study is confidant to Beed district only.

2) Survey was totally based on belief of responded beneficiaries.

3) The present study of SHG is for the period of 10 years from 1999-2009.

RESEARCH METHODOLOGY

Data collection:

For the present study the data is collected by primary and secondary method. During the survey questioner was used as a primary source for the data collection. The data collected by administering the questionnaires to 218 SHGs chairmen.

Primary Data Collection:

The SHG chairman's questionnaire includes 72 questions. The general information about name of SHG, grading agency, the information about financial situation such as saving, loan, recovery outstanding is also included in quaternaries. The factors affecting functioning of SHG like attendance in meeting, participation in group activity, economic activity of SHGs, regularity in a repayment of loans, cooperation from Banks & NGOs. Selection procedure is also included in the questionnaire. The economically improvement factors such as starting economic activity, its type availability of resources, marketing training programs, etc. The chairman were also asked about their opinions

regarding various topics such as a nature of training, utility of infrastructural facility banks support, utility of grant and loans, selection producer of SHG.

Selection of Sample:

Malty stage sampling method from probability sampling methods is used. Thissampling is minimum use because in this items are selected in different stages at random.

Stages of this method are as follows for present study.

A Malty stage sampling method has been used for selection of the Talukas, ZP circles, villages, and number of the SHGs.Beed district has 11 Talukasand59 ZP circles.In selected Z.P. cercal 47 villages were founded.All these Taluka were selected for the study. In the second stage,a ZP circle was selected from each of the 11 Talukas. In the third stage, a village was randomly selected from each of the 11 ZP circles. Thus, a total of 11 villages were selected. 50% of the SHGs in these villages were selected. There were a total of 218 SHG's randomly selected. The chairperson of all the 218 SHGs were identified who were administered a questionnaire to get the required information about the SHGs for this research study.

Table 1: Application of the probability sampling

Sr. No.	Taluka	Z. P. circle	Village	Total No. of SHGs	Select 50%No. of SHGs
1.	Ashti	Kada	Kada	94	47
2.	Patoda	Patoda	Patoda	25	12
3.	Beed	Bahirwadi	Antharvanpimpri	34	17
4.	Shirur	Shirur	Padali	28	14
5.	Ambajogai	Bardapur	Waghala	38	19
6.	Kaij	Adas	Adas	74	37
7.	Parali	Dharmapur	Nandagaul	26	13
8.	Manjalegaon	Patrud	Patrud	22	11
9.	Georai	Chakalamba	Chakalamba	18	09
10.	Dharur	Bhogalwadi	Aadhingani	46	23
11.	Wadawani	Upali	Kawadgaon	32	16
TOTAL				437	218

(Source: - Field survey 2009)

It is expected that these 218 SHGs would represent the SHGs in Beed District. An in-depth study would help to understand various aspects of the SHGs, which in turn, would through some light which could be used for improving the functioning of the SHGs in order to improve socio-economic status of the poor women and their families in villages.

Secondary Data:

The secondary data used for the study included various type of records available at officials sources such as DRDA, *PanchayatSamiti*, Annual progress report from NABARD, This is all official records provide to be usefull to make the study realistic and meaningful reference book, periodicals, magazines, articles. Government circulars, Internet use for secondary data.

CHAPTER SCHEME:

Chapter I:INTRODUCTION

The Chapter deals with an introduction to the subject of the research study. It covers the meaning and growth of the SHG. It also includes status of the SHGs in India, a brief history of the SHG and microfinance, impact of the SHGs. The chapter contains a profile of Beed district covering its historical and geographical aspects. It also mentions about Research methodology used, objectives of the research, hypothesis of the research, data collection and sampling methods.

ChapterII:REVIEW OF PERTINENT LITERATURE ON THE TOPIC

The chapter covers a review of the available materials and includes a survey of literature; it consists of study of relevant books, journals and abstracts of different doctoral research dissertations. The study of the literature on the SHGs in India and Maharashtra has helped the researcher to acquire some knowledge

Chapter III: NATURE AND COMPOSITION OF THE SELF HELP GROUPS

This chapter covers the guidelines of the SGSY related to the SHGs, types of the SHG, their aims, objectives, salient features, administration setup, training programmes, funding and subsidy patterns, financing programmes, etc.

Chapter IV: PROBLEMS OF THE SELF HELP GROUPS

This chapter identified several problems with the SHGs which have been adversely affecting proper implementation of the SGSY scheme in Beed district.

Chapter V: AN ANALYSIS OF THE SAMPLE SHGS IN BEED DISTRICT.

This chapter analyses the data collected through the questionnaires. Various graphical and diagrammatical approaches are used to present the analyzed findings.

Chapter VI: FINDINGS AND RECOMMENDATIONS

The chapter presents an in-depth discussion on the findings. It also contains conclusions and recommendations.

On the basis of conclusions drawn, valuable recommendations are made. The researcher humbly feels that these recommendations would prove helpful for improvement in the functioning of the SHGs and for obtaining maximum benefits for their members to come above the poverty line.

IMPORTANT CONCLUSION

1. The banks are indifferent to establish SHG's through it medium.
2. It is clear that in Beed district SBI and SBH, there banks provides of contribute maximum economical assistance to SHG's.
3. Major people of the rural area are uneducated and have little knowledge to understand the benefits of SHGs. They are required to be motivated to participate in the scheme. Unless outside the help is there they cannot observe all formalities and follow the procedures in obtaining scheme, subsidy, bank loans economic activity etc.
4. Maximum members of SHG's are less educated members in SHG's. It is clear that illiteracy becoming obstacle in the development of the SHG's.The basic objective of SHG is to lift the poorest of the poor households of rural

society above poverty line. Majority poor's of the rural society are illiterate and so they are not aware of any rural development programmes. They depend on outside sources for information about different development programmes. Several problems arise at the Business levels.

5. The participation of SHGs in social programme in Beed district it is clear that 26% SHG's take death anniversary programme, 18% take birth anniversary programme, the ratio of conduction health camp in 18%only 2 % SHG's arranged height school business training 27 % tree plantation programme 48% from this observation it is clear that the participation of SHG's in social programme.

6. If there is 10-15 members in SHG's then there me find a good communication among them and in such groups there is a less difference of opinion.
7. In Beed district, most of the SHG's that in 82% given their nominees name. For the evaluation of SHG's, it is considered important to give nominees name by SHG's members.
8. It is considered very important to keep regular record for ideal SHG's; in Beed district the ratio of SHG's is 43% who keeps regular record. There maximum 54% SHG's who keeps their record very less from this it is clear Beed district is very indifferent to keep regular record.
9. In Beed district there are 42% SHG's where we find members of the SHG's are learnt up to 5 to 10 standard. Ratio of the members who learnt after 12 standards and the ratio are very less number 271. There are also such SHG's whose all members are illiterate.

10. In Beed district about 84% SHG's has an arrangement to sale their production. The ratio of whole sale is very less that is 0.4% the ratio of SHG's who do wholesale and retail nosiness in maximum 82%.

    When we observed the ratio of production sale extension, it is clear that 65% production is limited up to intra-taluka market. The ratio of SHG's who sale their production at district place is 29% and at state place is very less namely 6%.

11. When saw towards why these SHG's could not do business, then it is found that maximum 38% SHG's could not started their business because of lack of economical fund. Some SHG's could not get proper guidance therefore they could not start business.

MAJOR FINDINGS

Analysis of the first hand data collected from the randomly selected 218 SHGs in Beed district for the study reveals a mixed set of responses. They do indicate a host of favorable and unfavorable situations in which the SHGs in Beed district, particularly under the SGSY, have been working during the study period of 1999- 2009.

POSITIVE EFFECTS OF THE SHGS

The favorable situations had positive effects on the SHGs and their members, in general, and women in particular, such as:

Increased savings:

The SHGs have contributed to a habit of thrift which has led to savings, which, hitherto, was not possible for most of the poor rural women otherwise.

Though, the amount of savings is not much; but, something is better than nothing.

Increased courage:

The SHGs have enabled many of the members to muster courage to face the world outside the confines of their households and neighbourhoods. Now, many of them have got the courage to walk alone, go to banks, markets, etc.

Acquisition of leadership qualities:

Development of leadership qualities among some members have been an important contribution of the SHGs. The office bearers have started leading their SHGs to a higher level. Earlier, the leadership qualities among women were dormant. Now, after joining the SHGs, these qualities are appearing above the surface.

Involvement in decision making processes:

Women's role being secondary in the male dominated society, most of them had no opportunities to participate in decision making processes even within the family. But, now, the SHGs have changed this scenario. Women are actively participating in the decision making processes, at least those related to their respective SHGs.

Availability of loan when needed:

Inter-lending is the most important function of the SHGs for helping their members to meet the economic and non-economic needs at a relatively lower

rate of interest. This is being done in Beed district by 86% of the SHGs under the study.

Though, the scale of business operation or livelihood generation has not been high to have a significant dent in poverty; but, there are signs and symptoms that the level of poverty are reducing for those SHG members who have been managing their SHGs more effectively.

Understanding of banking transactions:

Until recently, banking transactions were forte of a very few who had plenty of money. But, now, ever since the SHGs have started functioning, banking transactions have become a common place even for the poor rural women. The SHG members have understood the procedures of the banking transactions. Many of them now know how to deposit, how to withdraw and how to apply for bank loan.

Improved business skills:

Earlier, most of the rural women did not have skills to undertake business activities. The SHGs have provided their members to acquire some business skills through training and exposure visits.

Increased household assets:

There has been definite increase in assets of some SHGs members, to some extent. Some of the SHGs members have reported that they have acquired some land, jewellery, repaired houses, etc.

Small and medium sized SHGs functioning better:

The SHGs with 10-15 members have been found to be functioning better than those with more members as interactions are relatively more frequent and communications between the members are more effective.

UNFAVORABLE FACTORS ADVERSELY AFFECTING THE SHGS

The study has identified several unfavorable factors or problems with the SHGs which have been adversely affecting proper implementation of the SGSY scheme in Beed district. The important ones are mentioned below:

Lack of co-ordination between banks and government offices:

The bankers think that it is the responsibility of the government officials in the district and tehsil to look after the matters related to promotion and strengthening of the SHGs under the SGSY. The government officials think it otherwise. This is mainly due to lack of co-ordination between the banks and government officials at district, tehsil, etc. Lack of coordination makes the SHGs to suffer in many ways.

Delays in preparation of plans by SGSY:

The Annual Plan for the SHGs under the SGSY is prepared by the SGSY's concerned officials at the district level. After preparation of the plan, it is to be approved and sanctioned by higher authorities which take time and delay the implementation of the plan.

Problems of Government Offices:

The success of the SHGs under the SGSY largely depends on the DRDA as it is the supervising authority at the district level. But this task of the DRDA suffers from the following limitations:

I) Lack of orientation of the officials mainly at higher level.

II) Inadequacy of the staff at the taluka level.

III) Short tenure of the personnel deputed to the DRDA office. Due to lack of time, many of them are not interested in doing the SGSY works.

IV) Political interference in day-to-day functioning of the SGSY programmes which creates problems for the officials and they tend to deviate from the prescribed norms and procedures of the scheme.

SHGs' dependency on NGOs:

Many of the SHGs have been formed by the NGOs. They try to create awareness about various aspects of the SHG and work as the facilitators to arrange training, help in getting bank loans, make available markets, maintenance of records, etc. This has led to increased dependency of the SHGs on the NGOs.

Bank loan to limited number of the SHGs:

The banks have been providing loans to the SHGs. But, only 57% of the SHGs have been able to get it, that too with difficulties. The main reason for not

getting loan from banks was found that they were not able to meet the eligibility criteria for taking loan from banks.

SHG members' limited banking habit:

Knowledge of banking transactions is important for the SHGs for various purposes including receipt of loan and subsidies. But, still a large number of the SHGs and their members are very familiar with the banking procedures, which is one of the barriers for profitable operations of the SHGs' financial activities.

Delay in Sanctioning loans by banks:

The banks often take long time to sanction loan to the SHGs mainly because, incomplete applications for loan, inappropriately prepared loan applications, lack of supporting documents, absence of authentication of documents, delay in seeking approval from the DRDA authorities, large number of applications at a time at the end of the financial year.

Difficulties in Recovery of the Bank Loans:

Banks have been finding difficulties in recovering loans from the SHGs. It is more so because, the sponsoring authorities like DRDA do not share the responsibility for recovery of bank loans.

Misuse of loan by the SHGs:

It has been observed that loans are not being used my large number of the SHGs for the purposes (mostly productive) for which these are granted to them. They have been using the loans mainly for the non-productive purposes. Thus, these SHGs are not gaining much from the loans.

Delay in recovery the SHGs' loans:

TheSHGs give loans to their members for productive purposes. But, most of the members use the loan for consumptions purposes. As a result, they are not able to generate income to repay the loan amount.

Very limited training of the SHGs:

Very large proportions (81%) of the SHGs members have not received training in various aspects for effective administration and profitable businesses.

SGSY's training fund not utilized in full:

There is a provision for about 10% of the fund for training of the SHGs under the SGSY. But, very little has been used for this purpose by the government.

SHGs' monthly meeting not in time:

It is necessary and expected that the SHGs have a meeting of their members at least once month. But, only 45% of the SHGs under the study in Beed district have been doing it. The rest are either irregular or hold meetings at different intervals.

Poor recovery of internal loan:

Only 33% of the SHGs which has given loan to their members have been able to recover up to 75% of the loans from their members.

Very limited business entrepreneurship:

Only 116 or 53% of the total SHGs have reported some businesses undertaken by their members. Out of these 77% SHGs have reported doing traditional businesses.

Lack of financial resources for undertaking business activities:

The main reasons cited for not doing business by the SHGs are lack of financial resources and proper guidance.

Inability to cope with competition with other producers and sellers:

This is even a bigger problem reported by the SHGs. They say they are not able to compete with other businessmen and business women.

Obstacles for Sustainability of the SHGs:

It has been observed that there are several obstacles which adversely affect the prospects of SHGs and its various activities. Some of these include:

i) Irregular groups meetings

ii) Irregular saving

iv) Absence of rotation in leadership position.

v) Lack of proper understanding and internalization of SHGs concepts among banks and government agencies.

vi) Lack of confidence among bank branches in extending loans to the SHGs.

Corruptions:

Many SHGs are also victims of corruptions in the public offices. They face greater problems with regard to gradation, bank loans, subsidies, etc. These have been adversely affecting the functioning of the SHGs and implementation of the SGSY at various levels.

TESTING OF HYPOTHESIS:

Hypothesis: 1

"SHG members socio economic can be attained through SHG."

1. Through participation in the activities of the SHGs which involved interactions with members, bank officials, other officials, etc. and discussions with them have increased their confidence. Now, many of them have got confidence among themselves that they can save and they can also undertake some business activities.
2. The SHGs have enabled many of the members to muster courage to face the world outside the confines of their households and neighbourhoods. Now, many of them have got the courage to walk alone, go to banks, markets, etc.
3. Development of leadership qualities among some members have been an important contribution of the SHGs. The office-bearers have started leading their SHGs to a higher level. Earlier, the leadership qualities among women were dormant. Now, after joining the SHGs, these qualities are appearing above the surface.

   SHG members socio economic can be attained through SHG. Thus this hypothesis is proved

Hypothesis: 2

"The working of the sample SHGs has been effective and result effect."

1. The main purpose of the SHGs is to help poor women, who in turn, can help their families to come over the BPL. This is possible only when the SHGs function effectively, accessing bank loan and utilizing government schemes as much as possible. But, it has been found that only 23% of the SHGs have been functioning effectively and taking advantages meant for them.

   Though 64% of the SHGs have reported accessing government schemes by their members. But, those who could not do so are large in proportion; i.e., 36% of the SHGs' members have not been able to access the government schemes to which they were entitled to.

2. The bank loan for productive purposes was utilized only by 16% of the SHGs who took loan. This proportion for all the 218 SHGs under the study works out to be less than 10%. If 90% of the SHGs don't make productive use of the loan, the economic empowerment of their members would be very difficult. They have been using the loans mainly for the non-productive purposes. Thus, these SHGs are not gaining much from the loans.
3. The main reasons cited for not doing business by the SHGs are lack of financial resources and proper guidance.

The working of the sample SHGs has been effective and result effect. Thus this hypothesis is not proved.

MAJOR RECOMMENDATIONS

In the previous chapter and also in the above passages, the researcher has tried to analyse the SHGs' existing situations, some positive aspects and some problems, too. In this chapter, based on the findings of the study of 218 SHGs, effort is being made to suggest some recommendations towards improvement in the functioning of the SHGs under the SGSY, particularly in Beed district.

Needs assessment

An SHG should be formed on the basis of the needs of the group. Before formation, the needs of the groups should be identified. Proper needs assessment is normally done after a careful survey of the households. This will help to identify the women belonging to different sections of the society including those who live in the BPL families as per the official list and also those women who are really poor, but not in the BPL list. The listing of the households would facilitate a proper selection of women who should be included in the SHG. If all women are from the similar socio-economic background, there will be fewer problems in managing the SHG.

Meetings

There should be at least one meeting of the members in a month. There may be more than one meeting, also. This should be decided by the majority of the members according to their convenience. Whatever the frequency of the meeting is decided it should be on a fixed date or day so that regularity of the meeting could be more.

Minutes

All discussions and decisions taken in meetings must be carefully recorded in a minute book. It could be a note book or register. All pages of the minute

book should be numbered and the total number of pages in the book should be written on the first page. The minute book should be kept safely. The previous minute should be read for the start of the day's meeting so that the members know what all were discussed and decided and to what extent the decisions were followed up till date.

Attendance at the SHG meetings

It has been observed that some members do not attend their SHG meeting. They think it is only for collection of their contributions. Some of them send their contributions through others. Some other members attend the meeting irregularly.

It is necessary for all the members to attend meeting of their SHG whenever it is held. Because, it is the meeting and the day of the meeting when most of the information are shared. Those who do not attend don't get this information.

Integrity

The SHGs have been complaining about corruptions prevalent at every level. This is mainly because the elements of integrity and honesty among people have got eroded. It is expected the SHGs also should not follow the same corrupt path. In the larger interest of their SHG and its members, each member should try to maintain integrity, as much as possible.

Transparency

Transparency in dealings is an important pre-requisite for proper management of the SHGs. It is needed more in financial transactions and selection of beneficiaries. In absence of adequate transparency, chances for breaking of the SHGs are more.

Composition of an SHG

There is a norm that there should be at least 10 and maximum 20 members in an SHG. Less or more than these numbers cause problems in proper functioning of the SHG. It has also been found in the present study that the SHGs with about 15 members have been functioning better than the SHGs with different numbers of the members. However, based on the democratic principle, it could be suggested that the SHG members should be in an odd number like 11, 13, 15, 17 and so on, so that a clear majority could be established at the time of taking decisions.

Normally, the office-bearers of an SHG comprise: (1) President, (2) Secretary and (3) Treasurer. All these three are elected by the SHG members. Their roles and responsibilities are well defined. They are expected to understand these clearly. In order to facilitate their understanding and also for the information of the other members, a copy of the written roles and responsibilities should be passed inside the attendance register of the SHG.

Management

For effective management, all the activities and aspects of the SHGs like members attendance, their periodic contributions, internal loans, bank loans given to them, pattern of expenditure or investment of the loan amount, production, marketing, profits, repayment of loan, should be monitored regularly. This could be easily done with the help of using some simple recording formats at the time of the meeting.

Gradation

Gradation is one of the requirements for approaching banks for loan. The SHG should try its best to follow all the norms required for graduation and make efforts to get it done as soon as possible. It is important for office bearers

of an SHG to understand the processes of gradation. It will help them to know what all are needed for scoring better a grade or improving grade of the SHG if already graded.

Duration of lending

The duration of lending is important for the SHGs. For the productive purposes, the duration of loan depends on the gestation period of the activity. The SHGs and their members should be familiar as to how long it will take for an activity to generate income. Accordingly the duration of the loan and instalment of repayment should be decided. Of course, in case of other responsibilities like health, education, marriage, etc. the duration and instalment should be decided by the group.

Rate of interest

The rate of interest on internal loan varies from 2% to 4% per month. But, most SHGs charge 3% per month. However, it should be decided by the SHG on the merit of the loan and capacity of the borrowing members.

Banking

The SHGs unless they are registered and recognised as the financial institutions, cannot carry out financial transactions without banks. Most of the SHGs cannot undertake business activities on a large scale from the amount of their own savings. They need financial resources and for this they have to be linked with banks. Bank linkage is necessary not only for seeking loans, but also for accessing government subsidies and some other government schemes.

Economic

After the SHGs have settled down with their preliminary formalities, they should try to promote livelihoods for increasing income and for raising

economic status of their members. There are a variety of livelihood options available in both the agriculture and non-agriculture sectors.

Innovations

It has been seen with the study SHGs that most of those who are engaged in business are doing mainly traditional business which are there for the years. Efforts should be made to do something innovative which are not locally produced but if available many people can use. There is need for some thinking as to how the local resources could be put to better use. There are leaves which could be converted into plates and bowls, there some vegetables which could be dried and packed, there is some grass which could be used for making mats, there are some food grains which could be processed, there are many items which could be sold profitably after their value addition, etc.

For socio-economic betterment of the weaker sections, the government has introduced several schemes. These could be identified and the SHGs could be guided and encouraged to make use of them.

Social, Education, Health, Gender

A self help group is not only for savings, credit, loans and businesses. It is also expected to play an important role in promotion of social development or community development. A community cannot develop if there is a high level of illiteracy, prevalence of a large number of common illnesses, gender discriminations, social evils like drinking, gambling, addictions, etc. and also problems of environment degradation. Thus, it becomes a moral responsibility of the CHGs who are also referred to as the community based organisations (CBOs) to contribute towards community development by participating in non-economic activities, of course, only some time after when the SHGs are settled down with its financial and economic activities.

Sustainability

Whatever the activities the SHGs take should be sustainable. Right from the beginning, the SHGs should take measures to ensure that their group remains intact for several years. Thus, care is needed to taken at the time of selection of the members. The amount of savings per member should be such that it should not cause many difficulties to the member. The day, time, frequency and duration of meeting should be such that these are convenient to most members. The rate of interest and instalments of repayment should be such that the members should feel more pinches. The loans should be given mostly for the productive and profitable purposes so that the borrowers can refund the loan in time. The business activities should be such these could be carried out for a long time. For enhancing the elements of sustainability, the SHGs should try to earmark a certain proportion of the members' profits as a reserve fund which could be used when there are some financial difficulties. There are many other ways through which the SHGs could be sustained for a long time without much external support.

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